TESTIMONY BEFORE THE HOUSE FAMILIES, CHILDREN AND SENIORS COMMITTEE
MARCH 22, 2012

Good morning and thank you for the opportunity of making some remarks regarding SB 414, 415, and 981. My name is Maxine Thome, and I am the executive director of the Michigan Chapter of the National Association of Social Workers, representing 7000 social workers throughout the state. Our members work with clients in a variety of settings, ranging from prisons to community mental health agencies to private practice. They very frequently see the serious problems associated with lack of access to mental health care. The Chapter supports the bills before you but would like to see them **amended to provide parity for all types of brain disorders.**

We are **not** asking for more money to do so, and we are **not asking for part of the funding associated with the autism legislation.** We are asking that as you work on the bills before you that you add to what the Senate has sent you **to remove the ability to discriminate in the health care coverage provided for people who work for companies with fewer than 51 employees.** Federal law already prohibits such discrimination for larger employers. A parent who has a teenaged child who is clinically depressed and has attempted suicide should not be limited to coverage for only 10 office visits a year when more are medically necessary--- any more than a parent who has a child with diabetes should have such limitations. In both cases, medical necessity should drive treatment, not arbitrary limits.

It would be logical for you to ask **"Won't add mental health parity to this legislation drive up costs tremendously? "** To answer that question, I suggest that there are several credible sources: the Congressional Budget Office, The New England Journal of Medicine the National Institute of Medicine, and Price Waterhouse. Current CBO figures suggest a cost increase of less than ½% of current costs.

According to 2006 data from the CBO, **the average gross premium increase from parity is 0.9% with a net increase in total premiums of only 0.4%.** In 2002, only 2% of the total growth in health care premiums was attributable to all regulations combined, including HIPAA (the Health Insurance Portability and Accountability Act of 1996). This information was provided to a Michigan Senate Committee in a previous session by Ronald Bachman, a health care actuary with PricewaterhouseCoopers, LLP. Mr. Bachman, who is a past chair of the American Academy of Actuaries Committee on

Mental Health, also mentioned that these past figures did not take into account savings attributable to increases in managed care of future clinical or medical improvements in the delivery of mental health services. He also noted that employers typically do not assume all of cost increases but take steps that include competitive bidding of plans; the CBO estimate that the net impact of any cost increase on employers is less than 1/2 of 1% of any gross amount. One likely reason that the cost impact is so low is that by increasing access to outpatient care, inpatient usage—far more costly—is reduced.

Mr. Bachmann noted the impact on other states which had passed statewide mental health parity. I will mention Pennsylvania because it is a somewhat similar state to Michigan in size and in having a mixture of urban, rural and suburban communities: its statewide experience was that in 1999, health insurance premiums **increased only 0.43% of the total monthly health care premiums.**

Smaller employers do not have the luxury of insuring a large number of employees in a single contract but can only receive these benefits if insurers offer parity so that the risk for all small employers is pooled. However, if parity is offered just as optional coverage, only those employers likely to have mental health claims will select that option. This "anti-selection" process therefore drives up the costs for insurers providing the option.

In this overview of data and actuarial information, I have not included the **indirect cost savings of increasing access to mental health coverage.** At a time when local governments have had to tighten their belts and reduce access to community mental health services and local law enforcement, increasing access to mental health coverage for those citizens who already have health insurance would lessen their burdens. At a time when the state is struggling with the costs of its corrections budget, enabling working families with insurance to afford mental health services before mental illnesses grow worse seems a logical step.

In 2003 and again in 2005, Ronald Bachmann told the Michigan Senate "the cost debate is over!" This is not opinion; this is fact based in actuarial data from 43 other states.

On behalf of Michigan's social workers and the families they serve, I ask you to support these bills, WITH the addition of mental health parity.

Thank you very much and I would be pleased to answer any questions.